

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:2348  
ANSWERED ON:07.12.2006  
DEVELOPMENT OF MANGALORE REFINERY  
Bhakta Shri Manoranjan

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the Government is planning to develop Mangalore Refinery and Petrochemicals as its petrochemicals hub, which will be a part of a Special Economic Zone;
- (b) if so, the details thereof;
- (c) whether the Government has been able to identify the ultimate customers/ countries for the sale of its refined high quality products;
- (d) if so, the details thereof;
- (e) whether any target has been fixed for the purpose; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b) : Oil and Natural Gas Corporation Limited (ONGC) has signed a Memorandum of Understanding (MoU) with the Government of Karnataka (GoK) for setting up a Special Economic Zone (SEZ) at Mangalore, to facilitate development of the required infrastructure for value addition projects of ONGC and Mangalore Refinery & Petrochemicals Ltd. (MRPL), a subsidiary of ONGC.

A Special Purpose Vehicle (SPV) for development of the SEZ in the name of 'Mangalore SEZ Limited' has been incorporated on 24.2.2006, with the following financial structure:

- (i) ONGC 26%
- (ii) KIADB promoted by GoK 23%
- (iii) KCCI + IL&FS - 51%

The planned projects to be set up by ONGC-MRPL, as the anchor industry located in the M-SEZ, concurrent to the development of necessary infrastructure, are the following :

- (i) Expansion/upgradation of the existing 9.69 MMTPA Refinery to 15 MMTPA at an estimated cost of Rs. 7,943 crore;
- (ii) Development of an Aromatic complex to produce Paraxylene and Benzene, at an estimated cost of Rs. 4,853 crore through Mangalore Petrochemicals Ltd. (proposed) an SPV with ONGC & MRPL taking equity of 46% & 3% respectively, and the balance to be funded through private placements/FIs; and
- (iii) Olefin Complex with a project cost of approximately Rs. 12,000 crore.

(c) & (d): There exists good demand for these value added products in North East Asia i.e. China, Japan and Korea etc.

(e) & (f): Yes, investment approvals with targets have been approved for capacity upgradation and aromatic projects. The upgradation project is estimated to be completed in June 2010 while Aromatic Complex is estimated to be completed in end 2010.

Karnataka Industrial Area Development Board (KIADB)

Kanara Chamber of Commerce and Industry (KCCI)

Infrastructure Leasing & Financial Services Limited (IL&FS)